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Receiver, Bradley D. Sharp

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

HFC ACCEPTANCE, LLC, a  
California limited liability company,

Plaintiff,

v.

AEZ Rent A Car LLC, a New York  
limited liability company;  
ICR Group LLC, a New York limited  
liability company;  
JHRC Corp, a New York corporation;  
The Bar, LLC, a New York limited  
liability company;  
WCR Group, LLC, a New York  
limited liability company;  
YTS Group, LLC, a New York limited  
liability company;  
Yitzchok M. Birnhack, an individual  
domiciled in New York,

Defendants.

Case No.: 2:23-cv-7744-GW-AGRx

Assigned to: Hon. George H. Wu

**RECEIVER'S STATUS REPORT**

[No Hearing Set]

Bradley D. Sharp, the Court-appointed receiver (the “Receiver”) in the above action, hereby files this Status Report pursuant to Paragraph 20 of the Order Appointing a Permanent Receiver Against Defendants and for Issuance of Permanent Injunction in Aid of Receiver (“Receivership Order”). ECF No. 54.

**I. BACKGROUND**

Plaintiff HFC Acceptance, LLC (“HFC” or “Plaintiff”) brought this action against Defendants AEZ Rent A Car LLC; ICR Group LLC; JHRC Corp; The Bar, LLC; WCR Group, LLC; and YTS Group, LLC; and Yitzchok M. Birnhack (collectively, “Defendants”) by filing the Complaint on September 21, 2023. ECF No. 1.

Plaintiff’s claims are based upon a transaction in which Plaintiff provided financing in the form of loans to Defendants for payment of the purchase price of 55 motor vehicles (the “HFC Financed Vehicles”) for use as equipment in Defendants car rental businesses. *Id.* ¶ 14. Plaintiff served a written notice of default on Defendants on July 10, 2023 after Defendants failed to make timely payment of the amounts due. *Id.* ¶ 22. The notice of default included the demand for immediate delivery of possession to Plaintiff of the HFC Financed Vehicles. *Id.* Defendant Borrowers failed to pay the sum due and failed to deliver the HFC Financed Vehicles to Plaintiff. *Id.* 23.

On November 27, 2023, this Court entered the Receivership Order. The Receivership Order appointed the Receiver over 53 motor vehicles financed by Plaintiff identified on Exhibit 1 to the Receivership Order.

The Receivership Order provided the Receiver with “all the usual and customary powers of a receiver with respect to the receivership . . . and the assets that comprise (or will comprise) the receivership estate (the ‘Receivership Estate’), including: (i) to locate, take immediate possession of, assemble, and safeguard the HFC Financed Vehicles.” Receivership Order at 2. With regard to the HFC Financed Vehicles, the Receivership Order provided the Receiver with

1 the power “to take possession of, assemble, and safeguard all certificates of title,  
2 vehicle registrations, insurance policies, documents relating to insurance claims,  
3 repair records or any other records relating to the HFC Financed Vehicles (the  
4 ‘HFC Financed Vehicle Documents’), wherever located (including outside the  
5 State of California . . .).” *Id.* at 3.

## 6 **II. RECEIVER’S DEMAND FOR VEHICLES AND RECORDS**

7 The Receiver demanded the turnover of the HFC Financed Vehicles, the  
8 HFC Financed Vehicle Documents, and the HFC Financed Vehicle Devices  
9 (collectively, the “Receivership Property”).

10 After repeated demands by the Receiver, the Defendants produced a single  
11 Excel spreadsheet regarding the HFC Financed Vehicles on December 5, 2023,  
12 which indicated that none of the HFC Financed Vehicles was insured, and that  
13 19 of the HFC Financed Vehicles were lost or stolen. The Defendants did not  
14 agree to turnover the HFC Financed Vehicles and counsel for the Defendants  
15 stated only that he had passed the demand for turnover of the Receivership  
16 Property over to his client.

17 The Receiver made repeated demands that the Receivership Property be  
18 made available for inspection and pickup and set a particular time and location  
19 for the turnover. The Defendants have failed and refused to produce or turnover  
20 any of the Receivership Property except for the one Excel spreadsheet and 4  
21 invoices discussed below.

22 On December 7, 2023, the Defendants filed an appeal of the Receivership  
23 Order.

24 On December 8, 2023, the Defendants filed a motion to stay the  
25 receivership proceedings pending their appeal of the Receivership Order. The  
26 Defendants motion was denied by order entered on December 14, 2023.

27 On December 11, 2023, the Defendants produced a revised spreadsheet  
28 that indicated that they found the location of all but four of the HFC Financed

1 Vehicles and that two of the four vehicles had been stolen.

2 The Receiver again made repeated additional demands for turnover of the  
3 Receivership Property, but Defendants have refused to produce the Receivership  
4 Property.

5 In an effort to provide an excuse for the failure to turnover the Receivership  
6 Property, on December 19, 2023, counsel for the Defendants produced four  
7 invoices from EZ Collision, one of the two identified locations of the HFC  
8 Financed Vehicles, which counsel asserted set forth the obligations owed by  
9 Defendants to EZ Collision for repair and storage of vehicles. Counsel stated that  
10 the four invoices constituted the basis of EZ Collision's liens on the vehicles. A  
11 review of the invoices revealed no basis for a lien and the invoices were quite  
12 aged and appeared to bear no relevance to the Receiver's demand or provide a  
13 valid basis to withhold the Receivership Property from the Receiver. The  
14 Receiver again made demand for the Receivership Property, and counsel for the  
15 Defendants stated additional documents would be provided, which have never  
16 been provided. Counsel for the Defendants also stated that Mr. Birnhack did not  
17 have control over either Star Covid Testing or EZ Collision, the two identified  
18 locations of the HFC Financed Vehicles. The Receiver's investigation reveals  
19 that Mr. Birnhack appears to be directly related to these companies, and he is  
20 reflected as the principal of both Star Covid Testing and EZ Collision in public  
21 records.

22 On December 21, 2023, new counsel for the Defendants contacted the  
23 Receiver's counsel and advised that a bankruptcy petition would be filed. No  
24 bankruptcy petition was filed.

25 On December 28, 2023, another lawyer contacted the Receiver's counsel  
26 and advised that a bankruptcy petition would be filed.

27 On January 11, 2024, a bankruptcy petition was filed for just one of the  
28 Defendants, ICR Group LLC. As of the date of this Status Report, the other

1 Defendants have not filed bankruptcy petitions.

2 Accordingly, the Receiver has not yet obtained any of the Receivership  
3 Property, other than 2 spreadsheets and 4 invoices.

4 **III. OTHER RECEIVER ACTIVITIES**

5 Upon his appointment, the Receiver filed notices pursuant to 28 U.S.C.  
6 §754 in the Southern, Northern, and Eastern Districts of New York and the  
7 District of New Jersey to ensure that jurisdiction extends over property located  
8 in those districts. The Receiver is advised that the HFC Financed Vehicles are  
9 located in New York and New Jersey.

10 The Receiver has communicated with counsel for HFC to stay apprised of  
11 HFC's communications with the Defendants and settlement possibilities. To date,  
12 no settlement has been reached.

13 The Receiver had been preparing a motion for contempt against the  
14 Defendants and is evaluating proceeding with the motion with respect to the other  
15 Defendants (other than ICR Group, LLC who filed bankruptcy).

16  
17 Dated: January 16, 2023

RAINES FELDMAN LITRELL LLP

18  
19 By: /s/ Kathy Bazoian Phelps

20 Kathy Bazoian Phelps  
21 Attorneys for Receiver  
22 Bradley D. Sharp  
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